



CALFED
BAY-DELTA
PROGRAM

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Judith Redmond
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Dear Judith:

This is in reply to your letter dated September 29, 1997 regarding water transfer issues presented at the second BDAC Water Transfer Work Group meeting. Thank you for your comments.

Your letter addressed three issues. First, you state that it will be essential that the CALFED Program and BDAC deal with the economic impacts of water transfers. I concur. As you know, the Work Group identified two significant policy issues at its first meeting: third party impacts of water transfers and protection of local groundwater resources. Much of the discussion at the second Work Group meeting and most of the agenda of the third Work Group meeting was/will be devoted to consideration of third party (economic) impacts of water transfer on the source water area. We need to keep in mind that not all water transfers will have economic impacts beyond those on the parties to the transactions. However, in those cases where there will be "external" impacts, or impacts on third parties, such impacts must be identified and measured so that the local policy makers can make an informed decision about the degree to which impacts can be avoided, minimized or mitigated.

Your second issue is the definition of "third parties." Again, as I understand your point, I agree with your interpretation. The draft discussion paper distributed to the Work Group attempted to make a distinction between environmental impacts and impacts to other legal users of water, on the one hand, and third party economic impacts, on the other. Beyond that distinction, however, there is no attempt to limit or narrow the range of impacts which should be considered as third party impacts.

A third party impact may be a unique or singular impact on a specific party, i.e., a farm worker or a farm equipment vendor. Or, as you say, impacts may be community or

CALFED Agencies

California

The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal

Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
Department of Commerce
National Marine Fisheries Service

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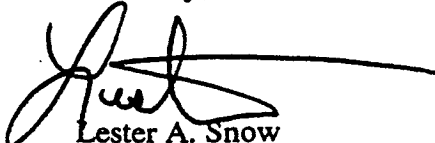
region wide, affecting the entire economic base of a source water area. So, while I agree that the term should not be viewed as limiting in any way, I do think the term has some utility in describing a type of impact which must be analyzed in water transfer situations, and that these third party or economic impacts should be considered distinct from environmental impacts or impacts to other legal users of water.

Incidentally, regarding your referral to the Farm Bureau's comment letter suggesting that the range of proposed water transfers for the foreseeable future is in the range of 3.3 to 4.5 million acre feet, I have some concern about the accuracy of that estimate. It appears that those numbers may include a significant amount of double counting of proposed or possible transfers. I suggest that we really do not know at this point what the demand for water transfers is under different sets of conditions. I hope that as we work through the impact analysis, test different sets of storage and conveyance configurations, and as the Work Group considers the development of a water transfer policy framework, this number will become clearer.

Your third issue deals with the need for a process for enforcement of proposed source area protections. You state that it is essential that county governments, groundwater users, low income communities, downstream water users, local businesses and small scale farmers are kept informed of proposed water transfers, with adequate opportunities to become involved. I strongly agree. Specifically, I agree with your suggestions regarding a publicly accessible data base on water transfers, prior public notice and public hearings. I believe that a water transfer review process based on these kinds of tools should be given careful consideration by the Work Group. A similar version of a public process is the concept of a water transfer "clearinghouse", where information about water transfers, impact analysis and other data would be collected, stored and distributed for public use in evaluating other water transfers, and for use by the local decision makers in approving or imposing conditions on a water transfer.

I appreciate your comments on these issues and am hopeful that the Work Group will be able to come to some consensus on ways to deal with these and the other water transfer issues.

Sincerely,



Lester A. Snow
Executive Director